

**Verizon New England Inc.
d/b/a Verizon Massachusetts**

Commonwealth of Massachusetts

D.T.E. 01-31 Phase II (Track B)

Respondent: Paula L. Brown

Title: Vice President – Regulatory

REQUEST: Department of Telecommunications and Energy, Set 1

DATED: August 27, 2002

ITEM: DTE-VZ 1-1 **Questions based upon Verizon's June 5, 2002, D.T.E. 01-31-Phase I Compliance Filing, Tab A, Att. A:**

For each Residence Basic Service offering listed, please identify each and every Unbundled Network Element ("UNE") that is used to provide each service.

REPLY: The attached table identifies the UNEs associated with Residence Basic Service.

<u>Residence Basic Service *</u>	<u>UNEs Required To Provide Service</u>	<u>DTE 10, Part M</u>
Dial Tone Line Exchange	Local loop, line port	1.5.1
Unlimited usage 1 Party	Unbundled local switching charge (ULSC), SS7, unbundled telephone company reciprocal compensation (UNRCC) or TC reciprocal compensation (UCRCC), unbundled local common transport charge (ULCTC)	1.5.1
Unlimited usage 2 Party	Unbundled local switching charge (ULSC), SS7, unbundled telephone company reciprocal compensation (UNRCC) or TC reciprocal compensation (UCRCC), unbundled local common transport charge (ULCTC)	1.5.1
Measured local usage 128 LATA – Zone 1 and 2 per message	Unbundled local switching charge (ULSC), SS7, unbundled telephone company reciprocal compensation (UNRCC) or TC reciprocal compensation (UCRCC), unbundled local common transport charge (ULCTC)	1.5.1
Measured local usage 128 LATA – Zone 1 and 2 per minute	Unbundled local switching charge (ULSC), SS7, unbundled telephone company reciprocal compensation (UNRCC) or TC reciprocal compensation (UCRCC), unbundled local common transport charge (ULCTC)	1.5.1
Measured local usage 413 LATA – per message	Unbundled local switching charge (ULSC), SS7, unbundled telephone company reciprocal compensation (UNRCC) or TC reciprocal compensation (UCRCC), Unbundled local common transport charge (ULCTC)	1.5.1
Measured local usage 413 LATA – peak per minute	Unbundled local switching charge (ULSC), SS7, unbundled telephone company reciprocal compensation (UNRCC) or TC reciprocal compensation (UCRCC), unbundled local common transport charge (ULCTC)	1.5.1
Measured local usage 413 LATA – off-peak per minute	Unbundled local switching charge (ULSC), SS7, unbundled telephone company reciprocal compensation (UNRCC) or TC reciprocal compensation (UCRCC), unbundled local common transport charge (ULCTC)	1.5.1

Element 2	Service Connection – Central Office Wiring	1.3.1
Metropolitan Service	Unbundled local switching charge (ULSC), SS7, unbundled telephone company reciprocal compensation (UNRCC) or TC reciprocal compensation (UCRCC), Unbundled local common transport charge (ULCTC) or unbundled toll common transport charge (UTCTC), intrastate terminating access	1.6.1
Suburban Service	Unbundled local switching charge (ULSC), SS7, unbundled telephone company reciprocal compensation (UNRCC) or TC reciprocal compensation (UCRCC), Unbundled local common transport charge (ULCTC) or unbundled toll common transport charge (UTCTC), intrastate terminating access	1.6.1
Circle Calling	Unbundled local switching charge (ULSC), SS7, unbundled telephone company reciprocal compensation (UNRCC) or TC reciprocal compensation (UCRCC), Unbundled local common transport charge (ULCTC) or unbundled toll common transport charge (UTCTC), intrastate terminating access	1.6.1
Expanded Community Calling Service	Unbundled local switching charge (ULSC), SS7, unbundled telephone company reciprocal compensation (UNRCC) or TC reciprocal compensation (UCRCC), Unbundled local common transport charge (ULCTC) or unbundled toll common transport charge (UTCTC), intrastate terminating access	1.6.1
Expanded Community Calling Plus Service	Unbundled local switching charge (ULSC), SS7, unbundled telephone company reciprocal compensation (UNRCC) or TC reciprocal compensation (UCRCC), Unbundled local common transport charge (ULCTC) or unbundled toll common transport charge (UTCTC), intrastate terminating access	1.6.1
Other Service Charges Residence – Suspension & Restoral	Feature Change Charge	1.3.3

* Includes residential primary service only

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ITEM: DTE-VZ 1-2 **Questions based upon Verizon's June 5, 2002, D.T.E. 01-31-Phase I Compliance Filing, Tab A, Att. A:**

For each Residence Basic Service that is offered on an unlimited usage basis or that includes an unlimited usage component, please fully explain the methodology Verizon employs to determine the usage in order to price the measured rate elements of that service. Please provide the studies or worksheets relied upon to develop this usage.

REPLY: Verizon MA believes there to be a typographical error included on line 4 of this question. It believes the question intended to ask for the following information:

“...please fully explain the methodology Verizon employs to determine the usage in order to price the usage rate elements of that service.”

Based on that understanding of the question, and referring to Verizon MA's June 5, 2002, D.T.E. 01-31 Phase I Compliance Filing, Tab A, Att. A; the following services include an unlimited usage component:

- ?? Unlimited Usage 1 Party
- ?? Unlimited Usage 2 Party
- ?? Metropolitan Service
- ?? Suburban Service
- ?? Circle Calling Service

**REPLY: DTE-VZ
1-2 CON'T**

Beginning in D.P.U. 89-300 and continuing throughout the “Transitional” filings customer usage characteristics were collected, evaluated and used to set “target” prices for these services. Target prices changed only as a result of changes in customer demand. Actual prices were moved progressively toward their target rate levels through annual revenue-neutral filings that encompassed all of Verizon MA’s regulated services.

Because Verizon MA’s end-office switches do not capture the usage volumes associated with end-user lines subscribing to unlimited calling plans, the customer demand was collected by monitoring the usage volumes associated with a statistically valid sample of customers subscribing to the particular services.

With the change in regulation that resulted from D.P.U. 94-50 pricing changes were controlled by the pricing rules (*e.g.*, the rate element index or REI) and price floor rules.

Documents from the Transitional filings that demonstrate the use of usage characteristics in setting the target rates are attached for review.

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ITEM: DTE-VZ 1-3 **Questions based upon Verizon's June 5, 2002, D.T.E. 01-31-Phase I Compliance Filing, Tab A, ¶ T:**

Please identify and explain each of the twelve service measurements contained in Verizon's current Quality of Service Reports.

REPLY: Please see Attachment 2, Section 2 to the testimony of John L. Conroy dated August 28, 2002 (copy attached). This attachment defines the Service Quality Plan and includes specific definitions of each of the 12 service measurements.

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ITEM: DTE-VZ 1-4 **Questions based upon Verizon's June 5, 2002, D.T.E. 01-31-Phase I Compliance Filing, Tab A, ¶ T:**

When were the "standard" and "target" threshold level of service standards first established for each of the twelve service measurements contained in Verizon's current monthly Quality of Service Reports?

REPLY: The standard and target threshold level of service standards were adopted by the Department in the Price Cap Order (D.P.U. 94-50). In that proceeding, Verizon MA, then NYNEX, proposed a Service Quality Plan that included 12 service measures, standard and target thresholds, overall evaluation criteria, and a penalty provision. In its order, the Department adopted the format of the plan proposed by Verizon MA with 12 measures and standard and target thresholds, but rejected the Company's proposed evaluation criteria and penalty mechanism. Instead, the Department increased the total number of SQI points that must be achieved to avoid a penalty stating, "a service quality threshold of 33 points is an appropriate level for overall standard performance." (Order at 236). It also added the standard miss criteria to be "when three or more of the twelve individual service items that comprise the SQI fall below the standard threshold in any month." (Order at 238). Lastly, it adopted the penalty provision proposed by the Attorney General where "[f]ailure to meet the...threshold for overall performance in any given month thus will result in an increase in the productivity offset by one-twelfth of one percent." (Order at 237).

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ITEM: DTE-VZ 1-5 **Questions based upon Verizon's June 5, 2002, D.T.E. 01-31-Phase I Compliance Filing, Tab A, ¶ T:**

Please identify the study period used, and explain the type of historical data relied upon, to initially establish Verizon's "standard" and "target" threshold level of service measurements contained in Verizon's current monthly Quality of Service Reports.

REPLY: The 12 measures originally proposed for the Service Quality Index are the most meaningful in determining overall service to customers. The standard and target levels adopted by the Department in D.P.U. 94-50 were established using performance data for each specific measure for the years 1992 and 1993.

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ITEM: DTE-VZ 1-6 **Questions based upon Verizon's June 5, 2002, D.T.E. 01-31-Phase I Compliance Filing, Tab A, ¶ T:**

Please explain whether there have been any changes to the "standard" and "target" threshold measurements since initially established. If so, please explain what the changes were, why and when the changes were made, and provide the data relied upon to make the changes.

REPLY: There have been no changes to the standard and target thresholds in the Service Quality Plan since they were initially established.

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ITEM: DTE-VZ 1-7 **Questions based upon Verizon's June 5, 2002, D.T.E. 01-31-Phase I Compliance Filing, Tab A, ¶ T:**

Please provide a chart which provides a comparison of Verizon's actual performance results with the "standard" and "target" threshold levels for the twelve quality of service measurements for the most recently available 18 month time period, on both a SBU and statewide level, disaggregated by month, as reported in Verizon's monthly Quality of Service Reports.

REPLY: Please see the attached charts. The five service response items are not measured or reported at the SBU level.

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ITEM: DTE-VZ 1-8 **Questions based upon Verizon's June 5, 2002, D.T.E. 01-31-Phase I Compliance Filing, Tab A, ¶ T:**

Please indicate whether Verizon is required to file Quality of Service Reports in any other jurisdiction in which Verizon is regulated under an alternative form of regulation. If yes, please provide a copy of the most recently available Quality of Service Report for each jurisdiction, and a copy of the portion of the applicable regulatory agency's decision requiring Verizon to file such a report with the agency.

REPLY: Yes. Verizon is required to file Quality of Service reports in a number of jurisdictions in which it is regulated under an alternative form of regulation. The following jurisdictions have such reports: California, Connecticut, Delaware, District of Columbia, Florida, Maine, Maryland, New Jersey, New York, North Carolina, Pennsylvania, Rhode Island, South Carolina, Texas, Vermont, Virginia, West Virginia and Wisconsin.

Due to the extensive nature of this request, the Company is still working to collect all of the information required. A supplemental reply to this request will be filed by September 16, 2002.

Attached are copies of the Quality of Service reports, and relevant order or regulation gathered to date.

Due to the voluminous nature of the attached documents, the Company has only provided a copy to the Department. A copy will be made available for inspection by other parties at the Company's offices at 125 High Street, Boston, Massachusetts, at a mutually agreeable time.

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ITEM: DTE-VZ 1-9 **Questions based upon Verizon's June 5, 2002, D.T.E. 01-31-Phase I Compliance Filing, Tab A, ¶ T:**

Please provide the rationale for Verizon's selection of one twelfth of one percent of annual retail revenue as the appropriate penalty for every month that either the overall performance level is less than the existing threshold level, or if three or more of the 12 individual service items that comprise the service quality index fall below the standard threshold on a statewide basis in a given month.

REPLY: The approach is intended to replicate the existing, Department-approved penalty mechanism, adjusted only to reflect the fact that the Rate Plan does not include a price-cap formula. Please see the testimony of John L. Conroy dated August 28, 2002 page 5, lines 1-12 which states, "The Service Quality Plan adopted in D.P.U. 94-50 included a penalty provision that required an increase in the productivity offset of one-twelfth of one percent if certain service levels were not met. Since Verizon MA's Plan does not include a productivity offset, it is necessary to adopt a new mechanism that provides the same relative penalty level. As described in Attachment 2, the Service Quality Plan will provide a penalty of one-twelfth of one percent of annual retail revenue for every month that either the overall performance level is less than 33 points or if three or more of the 12 individual service items that comprise the SQI fall below the standard threshold on a statewide basis in a given month. The penalty would be paid as a one-time credit to all Verizon MA residence and business lines on an annual basis."

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